



Press Release

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Entrepreneurs Use SBA “CommunityExpress” Loan To Start Their Small Consumer Products Company *—The \$50,000 00 Loan was made by Borrego Springs Bank, N.A.—*

Kathy and Steve Phelps, a husband and wife team hit with mid-life job layoffs, turned to the SBA CommunityExpress loan program to help jump-start their new business, Phelps Innovations, LLC.

“The loan was critical in getting working capital to start our business,” said Kathy Phelps. “We were using our savings to develop products for the business...we had to have something more.”

The Phelps’ loan of \$50,000 was provided by Borrego Springs Bank, N.A. Under the pilot program, approved lenders may use streamlined and expedited loan review and procedures to process SBA-guaranteed loans. Due to the challenges faced by many small businesses start ups, this program provides technical and management assistance to the loan applicant before and after their loan is closed. Borrowers are not required to post collateral on CommunityExpress loans of under \$25,000.

In the case of the Phelps, their technical assistance was provided by consultant Darrel Hulsey at the University of Georgia Small Business Development Center (SBDC) in Gwinnett County. “The SBDC gave us invaluable counseling and explained the paperwork we would need before we went to the bank,” explained Ms. Phelps.

The Phelps had already prepared a business plan to take to the bank and this was checked over by the SBDC to see if it needed any “fine tuning.” It turned out that the plan gave revenue projections for one year, but it was decided that the document should show at least two-year projections.

The Phelps started to think hard about starting their own business when Steve, a mechanical engineer, was laid off in January 2009. He had been with a major company in Atlanta for 11 years. However, he took a job with another corporation at their operations in North Carolina where he worked for about a year before the layoff came as part of a downsizing.

After the layoff, the Phelps moved forward with a business that develops small consumer products for the wholesale market. After getting their loan last December, the couple has two products ready for the market. One is the “On the Water Guides” for Bass fishing that is made up of large index-sized plastic reference cards that are filled with information a beginning fisherman would need. The other product is a single-use personal hygiene pack that would be essential when using public restroom facilities. It can be used virtually any time a person is away from home.

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The Phelps have been in metro Atlanta for about 15 years. They relocated here from the Midwest with Motorola as part of a job relocation for its Energy Products Division. Kathy Phelps was a dental assistance/office manager before they moved to Atlanta.

SBA guaranteed lending in Georgia increased significantly in the first quarter of fiscal year 2010, ending December 31, 2009, compared to the same quarter in FY 2009. The total number of SBA loans increased 83 percent from 224 to 410 while dollar volume of lending jumped by 139 percent, from \$91.6 million to \$218.7 million in first quarter 2010.

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